GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1355
ANSWERED ON:25.07.2016
FDI in Tobacco Sector
Adsul Shri Anandrao ;Gaikwad Dr. Sunil Baliram;Gavit Dr. Heena Vijaykumar;Gupta Shri Sudheer;Kirtikar Shri Gajanan Chandrakant;Mahadik Shri Dhananjay Bhimrao;Mahato Shri Bidyut Baran;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;Raut Shri Vinayak Bhaurao;S.R. Shri Vijay Kumar;Samal Dr. Kulamani;Satav Shri Rajeev Shankarrao;Singh Shri Kunwar Haribansh;Subbareddy Shri Yerram Venkata;Sule Smt. Supriya Sadanand;Yadav Shri Dharmendra

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the present policy of the Government on Foreign Direct Investment (FDI) in the Tobacco sector;

(b) whether the Government has any proposal to impose a ban on FDI in this sector and if so, the details thereof and the reasons therefor;

(c) whether there are many flaws in this proposal and various organizations/ departments have raised concern about major tobacco players taking advantage of these flaws and if so, the reaction of the Government thereto;

(d) whether these organizations/ departments have requested the Government to remove these flaws and impose a complete ban on FDI in tobacco sector and if so, the action taken/proposed to be taken by the Government in this regard; and

(e) whether any cases of illegal import of tobacco products into the country especially cigarettes have come to the notice of the Government and if so, the details thereof along with the action taken by the Government in this regard?

Answer

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THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a): As per extant Foreign Direct Investment (FDI) policy, FDI is prohibited in manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes. FDI in other activities relating to these products including wholesale cash and carry, retail trading etc. shall be governed by the applicable restrictions as laid down in the FDI policy.

(b): No decision has been taken by the Government in this regard.

(c) & (d): The Government reviews FDI policy on different sectors on an ongoing basis and changes are made in the policy, from time to time, to ensure that India's attractiveness as an investor-friendly investment destination increases. Changes are made in the FDI policy after intensive consultation with stakeholders including Ministries/ Departments concerned, Apex Industry Associations and other organizations.

(e): No such data is centrally maintained.

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